

US Bankruptcy Court
Attn: Clerk's Office (Case number 25-90186)
515 Rusk Street, Suite 5300
Houston, Texas 77002

United States Courts
Southern District of Texas
FILED
AUG 01 2025
Nathan Ochsner, Clerk of Court

UNITED STATES BANKRUPTCY COURT
[Southern District of Texas]
[CASE NAME: In re Linqto, Inc., et al.]
Case No. 25-90186
Chapter 11

OBJECTION OF RIPPLE SPV INVESTOR TO DEBTORS' MOTION TO APPROVE DIP FINANCING (DOCKET 79)

NOW COMES **Daniel Ross**, a creditor and equity investor in Linqto's Ripple SPV offering, pro se, and files this Objection to the Debtors' Motion for Entry of an Order Authorizing the Use of Cash Collateral and Granting DIP Financing [Docket No. 79]. In support thereof, the undersigned states as follows:

I. PRELIMINARY STATEMENT

The Debtors seek authority to pledge \$19 million in proceeds from the sale of Ripple Labs, Inc. shares—currently held in escrow—as collateral for debtor-in-possession (DIP) financing. This objection is submitted to preserve the property rights and equitable interests of Ripple SPV investors, whose capital directly enabled the acquisition of those Ripple shares. The proposed DIP structure, if approved, would unlawfully encumber property that the Debtors do not own, and that is subject to a constructive trust in favor of a defined investor group.

II. FACTUAL BACKGROUND

1. Claimant invested in a Linqto-sponsored SPV (Special Purpose Vehicle), the sole asset of which was a contractual interest in Ripple Labs shares.
2. Upon partial liquidity, Linqto sold certain Ripple shares and deposited \$19 million in proceeds into escrow for the benefit of SPV members.
3. These funds were never intended to be general corporate assets, nor were they available to creditors or operational expenses.
4. The Debtors now propose to pledge these funds as DIP collateral, despite the fact that they are traceable to SPV-level transactions and were explicitly marketed as such.
5. Claimant filed a timely proof of claim, asserting an interest in both the remaining Ripple shares and the proceeds held in escrow.

III. LEGAL ARGUMENT

A. The \$19 Million Is Not Property of the Estate Under 11 U.S.C. § 541

Section 541(a)(1) of the Bankruptcy Code defines estate property as "all legal or equitable interests of the debtor in property." However, it excludes property held in trust for others. Courts consistently hold that property subject to a constructive trust does not enter the bankruptcy estate. See *Begier v. IRS*, 496 U.S. 53, 59 (1990).

Here:

- The \$19M is directly traceable to funds raised from Ripple SPV investors.
- The SPV was structured as a vehicle for pooled investment into Ripple equity, and proceeds were to be returned pro rata.
- Debtors did not use these proceeds for operations and have kept them segregated in escrow, implicitly recognizing their non-estate character.

This creates a constructive trust in favor of SPV participants, rendering the funds unavailable for collateralization.

B. Pledging Constructive Trust Assets Violates Equitable Rights

The Debtors seek to use funds derived from a narrow subset of investors to secure a loan that benefits the broader estate. This is:

- Inequitable, as Ripple investors bear disproportionate risk for no benefit;
- Ultra vires, as the Debtors have no authority to pledge assets not beneficially owned;
- And fraudulent in effect, as it effectively strips trust beneficiaries of rights without due process.

Courts will not permit DIP financing structures that compromise the property interests of identifiable third parties. See *In re Columbia Gas Systems Inc.*, 997 F.2d 1039 (3d Cir. 1993).

C. The Debtors Have Offered No Adequate Protection

Even assuming arguendo that the funds were part of the estate, the Debtors have not proposed any adequate protection for the interests of Ripple investors under 11 U.S.C. § 363(e). There is no mention of:

- A carve-out for investor distributions;
- Priority recovery in the DIP waterfall;
- Or reserve mechanisms to protect SPV traceability.

Without such protections, the use of these proceeds as collateral must be denied.

IV. REQUEST FOR RELIEF

WHEREFORE, the Claimant respectfully requests that this Court:

1. DENY the Debtors' motion to pledge the \$19 million in Ripple proceeds as DIP collateral, or alternatively,
2. Require that such funds be excluded from the DIP collateral pool unless and until the Court determines the equitable interests of Ripple investors and their entitlement to a constructive trust;
3. Alternatively, require the Debtors to provide adequate protection, including a full carve-out and segregated reserve for Ripple SPV participants;
4. Grant such other and further relief as the Court deems just and proper.

Dated: July 29th 2025

Respectfully submitted,

Daniel Ross

N38W26930 Glacier rd

Pewaukee WI 53072

Marq16Dan@yahoo.com

414-430-7361



REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE
January 21, 2020



LINQTO LIQUIDSHARES LLC.

Certificate No: 39

Series Name: Linqto Liquidshares LLC - Ripple - 159

Date of Issuance: September 30, 2023

Member Name: IRA Club FBO Dan Ross IRA 2002827

Equivalent Number of Shares: 178.00

Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: September 30, 2023

William Sarris, CEO, Linqto, Inc.

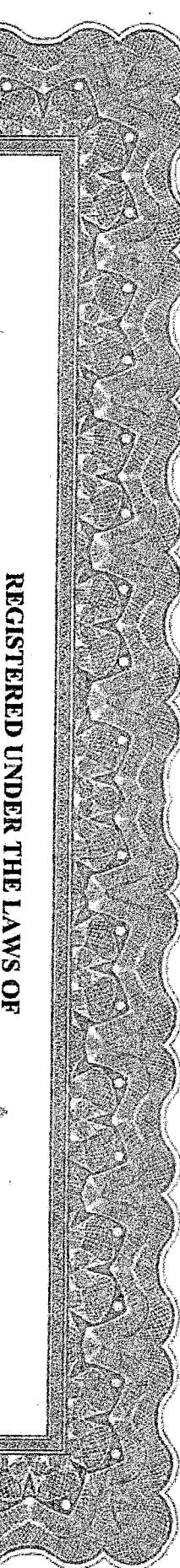
Winfield Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____
_____ % of the membership interest, represented within this certificate, and appoint _____
to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller

Newly Named Member

Witness



REGISTERED UNDER THE LAWS OF

THE STATE OF DELAWARE

January 21, 2020

LINQTO LIQUIDSHARES LLC.

Certificate No: 40

Series Name: Linqto Liquidshares LLC - Ripple - 159

Date of Issuance: September 30, 2023

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discret Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: September 30, 2023

Witness: Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____ to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller _____

Newly Named Member _____

Witness _____

REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE
January 21, 2020

 LINQTO

LINQTO LIQUIDSHARES LLC.

Certificate No: 47

Series Name: Linqto Liquidshares LLC - Ripple - 159

Date of Issuance: October 10, 2023

Member Name: IRA Club FBO Dan Ross IRA 2002827
Equivalent Number of Shares: 438.00
Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: October 10, 2023



Witness: Joseph Endoso, Director, Linqto, Inc.



William Sarris, CEO, Linqto, Inc.

Witness: Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____
_____ % of the membership interest, represented within this certificate, and appoint _____
to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller

Newly Named Member

Witness

REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE
January 21, 2020

 LINQTO

LINQTO LIQUIDSHARES LLC.

Certificate No: 54

Series Name: Linqto Liquidshares LLC - Ripple - 159

Date of Issuance: October 17, 2023

Member Name: IRA Club FBO Dan Ross IRA 2002827
Equivalent Number of Shares: 1,219,00
Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: October 17, 2023



Witness: Joseph Endoso, Director, Linqto, Inc.



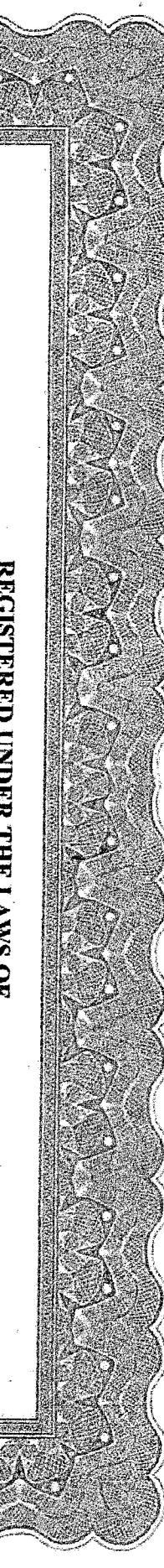
William Sarris, CEO, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____
_____% of the membership interest, represented within this certificate, and appoint _____
to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller _____

Newly Named Member _____

Witness _____



REGISTERED UNDER THE LAWS OF

THE STATE OF DELAWARE

January 21, 2020

LINQTO LIQUIDSHARES LLC.

Certificate No: 67

Series Name: Linqto Liquidshares LLC - Ripple - 159

Date of Issuance: December 1, 2023

Member Name: IRA Club FBO Dan Ross IRA 2002827
Equivalent Number of Shares: 59.00
Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: December 1, 2023

William Sarris, CEO, Linqto, Inc.

Witness: Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____
_____ % of the membership interest, represented within this certificate, and appoint _____
to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller _____

Newly Named Member _____

Witness _____

REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE

January 21, 2020

 LINQTO

LINQTO LIQUIDSHARES LLC.

Certificate No: 83

Series Name: Linqto Liquidshares LLC - Ripple - 31

Date of Issuance: August 23, 2023

Member Name: IRA Club FBO Dan Ross IRA 1004245
Equivalent Number of Shares: 10,926.00
Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discret Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: August 23, 2023



William Sarris, CEO, Linqto, Inc.



Witness: Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____
_____ % of the membership interest, represented within this certificate, and appoint _____
to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller

Newly Named Member

Witness

REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE
January 21, 2020



LINQTO LIQUIDSHARES LLC.

Certificate No: 89

Series Name: Linqto Liquidshares LLC - Ripple - 31

Date of Issuance: August 24, 2023

Member Name: IRA Club FBO Dan Ross IRA 1004245
Equivalent Number of Shares: 96.00
Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: August 24, 2023

William Sarris, CEO, Linqto, Inc.

Witness: Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____ to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller

Newly Named Member

Witness



REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE
January 21, 2020

LINQTO LIQUIDSHARES LLC.

Certificate No: 102

Series Name: Linqto Liquidshares LLC - Ripple - 120

Date of Issuance: January 26, 2022

Member Name: Daniel Christopher Ross
Equivalent Number of Shares: 233.00
Company Name: Ripple Labs, Inc

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: January 26, 2022

A handwritten signature of William Sarris.

William Sarris, CEO, Linqto, Inc.

A handwritten signature of Joseph Endoso.

Witness: Joseph Endoso, Director, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____ to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller _____

Newly Named Member _____

Witness _____

REGISTERED UNDER THE LAWS OF
THE STATE OF DELAWARE

January 21, 2020

 LINQTO

LINQTO LIQUIDSHARES LLC.

Certificate No: 28
Series Name: Linqto Liquidshares LLC - Ripple - 221
Date of Issuance: December 28, 2024

Member Name: IRA Club, Administrator & Meridian Bank,
Custodian FBO Daniel Ross HSA 8000122
Equivalent Number of Shares: 45.00

Linqto Liquidshares LLC, organized in Delaware, US has issued the Discreet Series identified above. This certifies that the member named above is a member of the above named Limited Liability Company and holds the number of units in the Series that represents the equivalent number of shares identified above in the Company Name. The member is entitled to the full benefits of membership of Linqto Liquidshares LLC, subject to the membership duties and obligations set forth in the Linqto Liquidshares LLC Operating Agreement

Linqto Liquidshares LLC has caused this certificate to be executed by its managing partner, Linqto Liquidshares Manager LLC on this date: December 28, 2024



William Sarris, Executive Chairman, Linqto, Inc.



Witness: Joseph Endoso, CEO, Linqto, Inc.

For _____ received, I, _____ sell and transfer unto _____
_____ % of the membership interest, represented within this certificate, and appoint _____
to transfer the allocated interest in the books of Linqto Liquidshares LLC with full power of substitution.

Seller

Newly Named Member

Witness